Approved For Release 2001/07/25 : CIA-RDP57-00384R000700050009-3

Executive Registry
1-8441A

JUN 12 1951

Director
Bureau of the Budget
Washington 25, D. C.

Dear Sir:

Reference is made to Bulletin No. 51-17 dated May 29, 1951, wherein it is requested that each agency not specifically named as a "Department" by the Renegotiation Act of 1951 transmit to the Bureau of the Budget on or before June 12, 1951, the information indicated in paragraph 2 of the Bulletin.

There appears below a statement of the information sought which, for purposes of convenience, is keyed to the corresponding subparagraph references of the above Bulletin.

Subparagraph "a"

The function of CIA is of such nature as to prevent presenting a summary on an activity basis. Hence, it is our belief that it is responsive to state that Central Intelligence Agency enters into contracts which have a direct and immediate connection with the national defense.

Subparagraph "b"

The purpose of CIA defense connected contracts is to give overall support to Agency functions and activities wherever located; and in this connection, the Central Intelligence Agency by virtue of Public Law 110, 81st Congress, is authorized to exercise the authorities contained in the Armed Services Procurement Act of 1947, in addition to other residual authorities. We believe it would be inadvisable to give detail on purpose and volume in connection with the Renegotiation program. We trust it will be sufficient to state that the volume of defense connected contracts between CIA and private industry will be so small that it will not have any substantial impact on the program as a whole.

Subparagraph "c"

A portion of our over-all procurement program will be exempt under the terms of section 106 of the Renegotiation Act of 1951. Such exemptions will normally occur as a consequence of subsection 106(a)(4).

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Subparagraph "d"

It is our understanding that no regulations or forms have been issued under the Renegotiation Act of 1951. It is our further understanding that no definitive organizational policy has been formed with respect to the amount of redelegation of authorities and functions which will be channeled to the heads of each of the designated departments and, consequently, the amount of discretionary redelegation by such heads. Since a substantial portion of the procurement undertaken by CIA is characterized by security considerations, it appears that such contracts or subcontracts will be eligible for a permissive exemption, since revelation would undoubtedly jeopardize secrecy required in the public interest.

In the absence of information on the policies and procedures under which the Board will operate, we find it difficult to determine in what manner permissive exemptions will be granted. It is therefore the recommendation of CIA that it not be designated by the President for inclusion in the Renegotiation Act of 1951 unless there is a determination that the Board will delegate to the Agency the authority to make exemptions under section 106(d)(4). If such delegation appears to be feasible, CIA believes it should be designated under the Act, and that while few of its contracts would be within the scope of the Act it would be in the interest of economy to have renegotiation authority.

Sincerely yours,

25X1A

[redacted]

Acting Deputy Director

LRHouston:mw

cc: Orig & 1 cc to Addressee
Signing Official
Central Records
Chrono
Subject (Return to OGC)
Chief, Proc.
Chief, Adm. Serv.
Comptroller

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